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Mr. Bruce

DEPARTMENT OF STATE

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Memorandum of Conversation

DATE: Aug 28, 1952

SUBJECT: Off-shore procurement in France

PARTICIPANTS: The Acting Secretary
Mr. Jean Daridan, Acting French Charge d' Affairs
Mr. Ridgway Knight

COPIES TO: Secretary of Defense
American Embassy, Paris
DMS - Mr. Lincoln Gordon
EUR - Mr. Bonbright
RA - Mr. Vass
S/MSA - Mr. Battle

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Mr. Daridan called at his request and explained that he had received a message from Mr. Pleven requesting him to approach us on the general subject of off-shore procurement in France, which Mr. Pleven believed to be at a complete standstill. Over and above the general question, Mr. Pleven is specially worried that the $186 million for aircraft and ammunition which was agreed in principle during early July may vanish into thin air.

Mr. Daridan also referred to the possibility of transferring to France the $42 million order for Swift Aircraft which had been tentatively allocated to Belgium and the Netherlands as part of the NATO aircraft production project. Mr. Daridan stated that the earlier French approach to our people in Paris on this subject had met with a rebuff but said Mr. Pleven had not yet abandoned hope that this could be reopened.

Mr. Bruce said that it would be difficult, even impossible, to talk constructively with the French concerning additional off-shore orders until we had more precise information concerning France's 1953 military budget and in particular concerning her military production program for that year. Mr. Daridan was warned that French hopes should not be overly encouraged in view of the limited amount of funds available to us and in view of existing commitments or near commitments and that they should not be misled into thinking that any significant proposition of the billion dollars for 1953 OSP was available for new projects.

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Mr. Bruce added that he knew the French submission to the annual review of NATO was due on September 2, but that should there be a delay, it would be very useful if this information could be informally given to us bilaterally.

With regard to Mr. Pleven's worry that the $186 million worth of contracts might disappear into thin air, Mr. Daridan was told that according to our information, negotiations concerning the letting of contracts were being delayed by technical considerations such as types and calibers of ammunition, as well as by the problem of the MD-452 Mark IV's vs the Mark II's. However, Mr. Bruce assured Mr. Daridan that we would do what we could to accelerate the consideration of these technical problems by Defense so that we could proceed with the negotiations concerning the letting of the contracts.

Mr. Daridan expressed his appreciation and stressed that positive information concerning the $186 million worth of "Pleven OSP" would be of considerable assistance in connection with the French Government's current work on its military budget. (After Mr. Daridan had left Mr. Bruce's office, Mr. Knight reminded the former that, by definition, the $186 million OSP contracts would be outside the French budget.) He also assured Mr. Bruce that he would stress with his Government that importance of the US receiving as soon as possible information concerning the French military budget and military production program.

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